
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Renewable and Distributed Resources Subcommittee

Volume 9, No. 2

Summer 2000

Cities, Government Agencies Lead Green Power Charge

Municipalities and state and federal agencies are taking the lead in green power purchasing. It is estimated that municipal purchases in California's competitive market now account for 80 MW of green power demand, while major cities in other states are exploring green power. And state and federal agencies are making green power commitments either as individual facility purchases or by aggregating load among several agencies.

In 1996, Salem, Oregon, became the first city to go 100% green. Salem Electric Cooperative signed a five-year deal with the Bonneville Power Administration (BPA) to purchase 7 average megawatts (aMW) of wind power to replace the 17% of its electric needs that had been provided by coal, natural gas, and nuclear sources. The rest of the city's power is supplied with hydropower.

Oakland became the latest in a string of California cities to commit to green power when it approved a contract to purchase 9 MW to meet 100% of the city's municipal electricity loads. Other California cities purchasing green power include Santa Monica and Santa Barbara. Outside of California, Seattle's city-owned utility is seeking proposals for up to 100 aMW from renewable energy sources following a mayoral and city council resolution to meet Seattle's future electricity needs with no net emissions of greenhouse gases, using a combination of energy efficiency and renewables. And the City of Chicago has joined with 47 other local government bodies in a load aggregation scheme that will include green power. A specific requirement of the group is that 20% of the power provided—80 MW out of 400 MW—come from renewable energy sources.

State and federal agencies are also getting into the act. The Pennsylvania Department of General Services (DGS) is purchasing green power for more than half a dozen state government accounts, representing about 5% of the DGS aggregated power purchase for 2000. Pennsylvania agencies receiving cleaner electricity include the Pennsylvania Department of Corrections, Capitol Complex buildings in Harrisburg, state office buildings in Pittsburgh, Scranton, and Reading, and Pennsylvania's 14 universities.

And finally, a number of federal agencies have made green power commitments including the General Services Administration, U.S. Environmental Protection Agency, U.S. Department of Energy (DOE), and U.S. Postal Service (USPS). The USPS entered into a contract to purchase renewable power for more than 1,000 facilities in California. And 30 federal agencies located along the Colorado Front Range have committed to purchase more than 10 MW of wind energy from their local electric utility companies. The Colorado announcement followed on the heels of a directive from Energy Secretary Richardson for DOE to purchase 3% of its electricity from non-hydro renewable energy sources by 2005 and 7.5% by 2010.

State Activities

Arizona

ACC Settles on Portfolio Standard

After several years of deliberation, the ACC adopted rules requiring electric service providers under its jurisdiction to include renewable resources in their supply mix. The renewables portfolio standard (RPS) requires that suppliers provide a minimum of 0.2% of their total power from renewable energy sources by January 2001. The percentage will increase each year to 1.0% in 2005 and finally to 1.1% in 2007.

Solar must make up at least 50% of the power generation portfolio in 2001 with the remainder consisting of other environmentally friendly technologies, such as landfill methane or wind energy, solar hot water, or research and development on solar electric resources. The rule is expected to result in the development of 100 MW of renewable power generation in the state.

Beginning in 2001, the state's ratepayers will pay a portion of the costs associated with meeting the standard, subject to a rate cap determined by customer class. The Environmental Portfolio Surcharge will be 0.875 mills per kilowatt-hour (kWh) with a monthly cap of 35 cents for all residential customers. Most nonresidential accounts will be subject to a maximum cap of \$13.00 per month while the largest business customers—those using more than 3 MW of power—will have a \$39.00 monthly cap.

The order also establishes an evaluation work group, which will assess the costs and benefits of the RPS and make recommendations as to whether the portfolio percentages should be increased.

ACC Contact:

Ray Williamson, (602) 542-0828

California

Legislation Would Extend SBC

The state legislature is considering a law that would extend the collection of the state's public goods program surcharge for 10 years in two 5-year blocks. A four-year collection period was established in the state's electric

industry restructuring law and will sunset on December 31, 2001. The surcharge, which supports energy efficiency, renewable energy sources, and research and development of alternative energy supplies, amounts to less than 3% of the average customer's bill.

The renewables portion of the surcharge, which equals \$135 million per year, currently funds a mix of production incentives, project financing support, and customer rebates for existing, new, and emerging renewables. The new legislation would require the California Energy Commission to develop investment plans for the renewable and RD&D programs aimed at development of a fully competitive and self-sustaining California renewable energy supply.

Contact:

State Sen. Byron Sher, (916) 445-6747

Massachusetts

Court Upholds System Benefits Charge

The Massachusetts Supreme Judicial Court ruled against a challenge to the system benefits charge (SBC) that was created in the state's 1997 electric industry restructuring law. The SBC was challenged as unfairly discriminatory because municipal electric utilities are not required to collect the charge. The Court held that the benefits of energy efficiency and renewable energy justify the imposition of the charge because these benefits are connected to legitimate state policy objectives. The ruling effectively frees up roughly \$75 million in funds that have been collected to date for renewable energy technologies.

Renewables Fund Contact:

Scott McCabe, (508) 870-0312

DOER Releases RPS Plan

The Massachusetts Division of Energy Resources (DOER) released a preliminary proposal for the design and implementation of the RPS that was created in the state's Electric Utility Restructuring Act. The RPS for new renewables, defined as a renewable energy generation plant that begins operating after December 31, 1997, was set at 1% in 2003, increasing to 4% in 2009, and increasing 1% per year thereafter. The DOER has statutory authority to review the

continuing need for and determine the appropriate level of the RPS after 2009.

The DOER proposes to review market conditions by the end of 2007 to determine whether and at what levels the RPS should be continued after 2009. However, the DOER would not act to terminate the RPS requirement on less than five years notice. The DOER proposal also assumes a New England-wide generation information system will be in place, based on tradable attribute certificates, that will support regional emission performance standards, RPS, and environmental disclosure policies.

DOER Contact:

Nils Bolgen, (617) 727-4732

Minnesota

Renewable Fund Guidelines Released

Guidelines for the state's Renewable Development Fund have been released for public comment. The fund was established in the 1994 state law that authorized additional nuclear spent fuel storage at Northern States Power's (NSP) Prairie Island nuclear plant. The fund is expected to grow to \$8.5 million annually by 2003 and may be distributed via grants, loans and/or revolving loan funds, production incentives, and equity partnerships.

Under the proposed guidelines, funding priority will be given to development of renewable electric projects rather than research and development or commercialization initiatives. Eligible technologies include wind, solar, hydro (run-of-river projects with a head of less than 66 feet), and biomass. An advisory committee, consisting of two NSP representatives and two representatives from environmental organizations, will review the public comments and submit final guidelines to the PUC for approval. The advisory committee will then be replaced by a renewable energy board that will oversee a competitive funding process and distribute the funds to winning bidders. The PUC will maintain oversight of the fund and review all selections before the funds are released.

NSP Contact:

Al Krug, (612) 330-7609

New Mexico

PRC Proposes RPS for Default Suppliers

In April, the PRC proposed applying a 5% RPS for customers on standard offer service. The requirement would pertain to in-state resources and include wind, solar, geothermal, biomass, hydro, and fuel cells as eligible technologies. The RPS would be set at a lower level if retail suppliers demonstrate that in-state renewable resources are not sufficient to meet the 5% requirement. The order would also require standard offer service to include a separate renewable energy tariff for customers that want to buy renewable energy beyond the 5% RPS level.

In June, the PRC approved a rehearing request from the New Mexico Attorney General's office to determine whether cost considerations should be factored into any RPS development.

RPS Contact:

Chris Wentz, (505) 827-4546

Oregon

Governor Issues Sustainability Order

Governor John Kitzhaber issued an executive order in May calling for the state to "develop and promote policies and programs that will assist Oregon to meet a goal of sustainability within one generation—by 2025."

Among many actions, the order calls for the Department of Administrative Services "to take immediate action to purchase electrical energy from renewable resources" including "purchasing green power from private utilities as appropriate" and "purchasing green power through direct access" beginning October 2001, which is the statutory date for the start of direct access for nonresidential customers.

Sustainability Contact:

Lynn Beaton, (503) 986-0201

Pennsylvania

Merger Deal Adds to Renewables Fund

The PUC's final order approving the merger between PECO Energy and Unicom adds more than \$20 million to funding that PECO will provide for renewable energy development. Of the new funding, \$15 million will be devoted to the development of wind energy; \$4 million to photovoltaic rooftop facilities; \$2.5 million for customer education

on renewable energy; and \$2 million for other renewable energy and energy efficiency projects. The majority of the funds will be administered by the Sustainable Development Fund (SDF), which was created by the PUC in its final order in the PECO Energy electric utility restructuring proceeding. The SDF is managed by The Reinvestment Fund and overseen by an independent board of directors.

Contact:

Andrew Altman, (215) 567-4004, ext. 228

Wisconsin

State RPS Under Development

A collaborative made up of electric utilities, state government representatives, and environmental organizations is in the process of drafting the implementation rules for the state's RPS. The Wisconsin RPS is unique

among states in that it was passed independently from restructuring deliberations, meaning the RPS requirement falls solely on the state's electric utilities. The RPS begins at 0.5% of retail electric sales in 2001, and gradually increases every other year to 2.2% by 2011.

The proposed rule would allow renewable energy credit trading but only allow credits to be created for renewable energy generation in excess of a retail electric provider's annual requirement. A provider could meet its minimum percentage requirement through its own generation, by purchasing renewable generation at retail, purchasing renewable energy credits, or any combination thereof. A final rule is expected by the end of the year.

PSC Contact:

Paul Helgeson, (608) 266-5481

Internet Links:

Arizona Corporation Commission RPS Decision:

<http://www.cc.state.az.us/utility/electric/environmental.htm>

Massachusetts Renewable Energy Trust Web site:

<http://www.mtpc.org/massrenew/massrenew.htm#>

Massachusetts Division of Energy Resources RPS Web site:

<http://www.state.ma.us/doer/programs/renew/rps.htm>

Minnesota Renewable Energy Fund Information:

http://www.nspco.com/au/au_ci_ren7.htm

Oregon Governor Kitzhaber's Sustainability Order:

http://pub.das.state.or.us/sustainability/exec_order.htm

Pennsylvania Sustainable Development Fund Web site:

<http://www.trfund.com/sdf/index.html>

This newsletter is prepared for the NARUC Renewable and Distributed Resources Subcommittee to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey, National Renewable Energy Laboratory, at (303) 384-7455 or Blair_Swezey@nrel.gov

Previous newsletters are available at: <http://www.nrel.gov/analysis/emma/projects/sren/>

The NARUC Subcommittee Chairman is the Honorable Roger Hamilton, Commissioner, Oregon Public Utility Commission.